



TOM O'HALLERAN
1ST DISTRICT, ARIZONA

September 16, 2022

The Honorable Lisa A. Atkins
Commissioner
Arizona State Land Department
1110 W Washington St
Phoenix, AZ 85007

Dear Commissioner Atkins:

I write with grave concern regarding the lease the Arizona State Land Department ("the Department") has permitted Fondomonte, a Saudi Arabian Company, to hold over the last seven years.

The Department has allowed Fondomonte to pump unlimited amounts of groundwater from the Butler Valley ("the reserve"), a groundwater reserve, without oversight. Fondomonte is taking advantage of the state by growing one of the most water intensive crops year-round on approximately 3,500 acres of production land straining aquifers and using the state's limited groundwater.

As you are aware, the current conditions in the Colorado River Basin continue to challenge our region, with the past 22 years being the driest on record and the region currently experiencing the worst drought in the past 1,200 years. I fully expect that conditions may worsen considerably before they get better.

I would like to better understand why the state has allowed a foreign entity to pump an unlimited amount of water without oversight during a time of extreme drought. Why has there been a lack of oversight, and what is being done to remedy the situation? The water from the reserve should be utilized for the benefit of Arizonans and not to water a crop that is shipped overseas at below-market rates to benefit a foreign government.

Moreover, I understand that Fondomonte is only paying \$25 per acre annually. However, according to some experts, the acre price is about one-sixth of the market price for unimproved farmland with flood irrigation today. The true value of the leased land should be reflected in the rates the Department is collecting. The Arizona Constitution, Article 10, Section 4, requires that all lease-holds shall be appraised at their true value. A requirement that the Department has not enforced over the last seven years. What is the reasoning for not enforcing Article 10, Section 4 of the Arizona Constitution? Will the lease be reevaluated and charged the correct market-base rates? Will past due rentals be collected?

I am troubled by the lack of urgency into investigating this matter and letting it continue for as long as it has. As we continue to face an extended drought, now is not the time to allow foreign

entities to utilize our limited water supply. We must ensure that Arizona's water and natural resources primarily benefit Arizonans.

I encourage the Department to act quickly and charge the correct, market-based rates. The Department must also demand Fondomonte disclose the amount of water that has been pumped out of the Butler Valley. I would like a written response from you or your staff.

Thank you for your attention to this matter of critical importance in accordance with all applicable rules, regulations, laws, and guidelines.

Sincerely,

A handwritten signature in blue ink that reads "Tom O'Halleran". The signature is fluid and cursive, with the first name "Tom" and last name "O'Halleran" clearly distinguishable.

Tom O'Halleran
Member of Congress